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Glencore integration planning

30 January 2013

PwC Sydney

PwC Sydney

Contents

Section		Page
1	Integration of Glencore's Australian assets	1
2	List of New Entities	14

Integration of Glencore's Australian assets

Section 1

Background and rationale

Post the acquisition of Viterra, Australia will become a key territory in the Glencore group. Accordingly, the group structure will require re-evaluation.

As Glencore is moving towards having a policy of owning similar assets in one jurisdiction under single holding companies, Glencore is proposing to have a single entry point into Australia (to the extent possible). The key reasons for this include:

- simplifying the Australian holding structure realising commercial synergies (e.g. country manager, single back office, remove areas of duplication);
- moving to single accounting and tax consolidation;
- treasury management of the commodity businesses within Australia (i.e. single entry point enabling cash recycling between businesses within Australia);
- better manage foreign exchange risks for accounting purposes;
- reduce risk of equity impairment;
- borrowing against a strengthened local borrowing group without recourse to the ultimate parent;
- refinancing the Australian group internally.

Whilst it is highly desirable to have all operating entities / assets held under a single holding company, if this gives rise to commercial constraints or significant costs, there may be exceptions to having a single entry point.

Simplified Glencore group structure

Century Loan
[A\$1.231bn] interest free
Repayable 31 December 2012

Minara Loan
[A\$400m]
LIBOR +2%pa with monthly payments
5 year term expiring Feb 2017

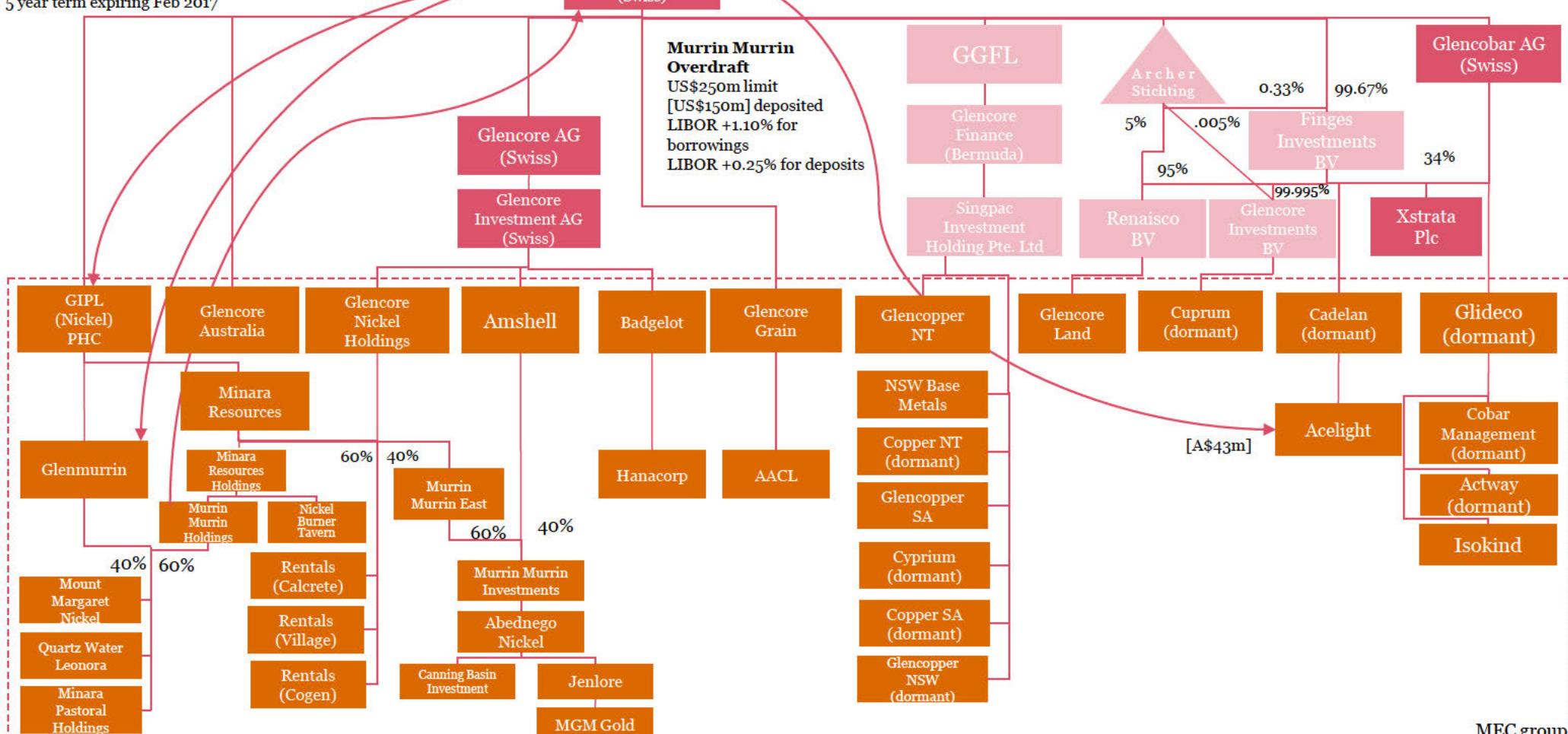
Glenmurrin Loan
[A\$293m] 9.5% interest pa with quarterly payments. Maturing Nov 2014

Glenmurrin Overdraft
US\$250m limit
[US\$30m] drawn down
LIBOR +1.50% for borrowings
LIBOR +0.25% for deposits

Glencore International (Jersey)

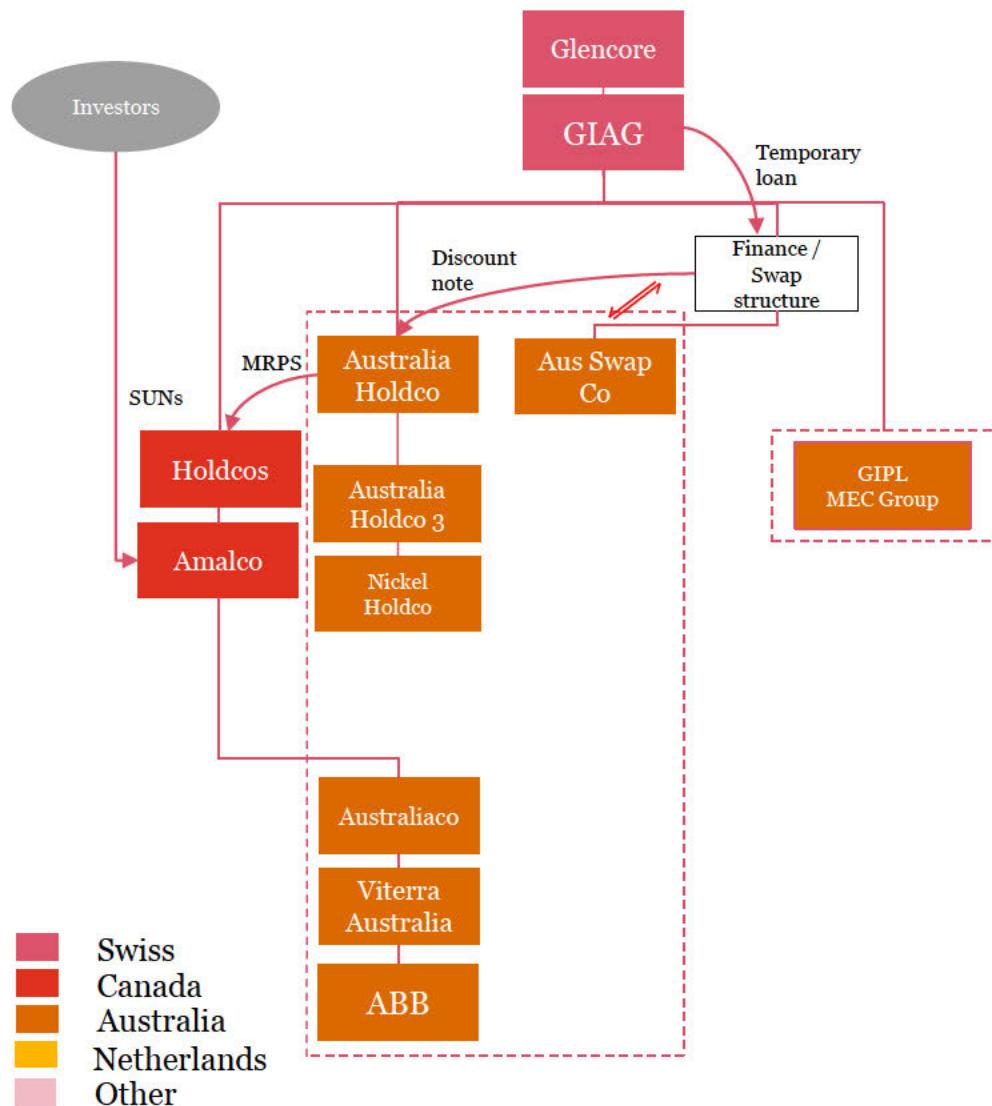
Glencore International AG (Swiss)

Swiss
Other
Australia



Integration of Glencore's Australian assets

Pre-transaction Steps



Pre-transaction Steps

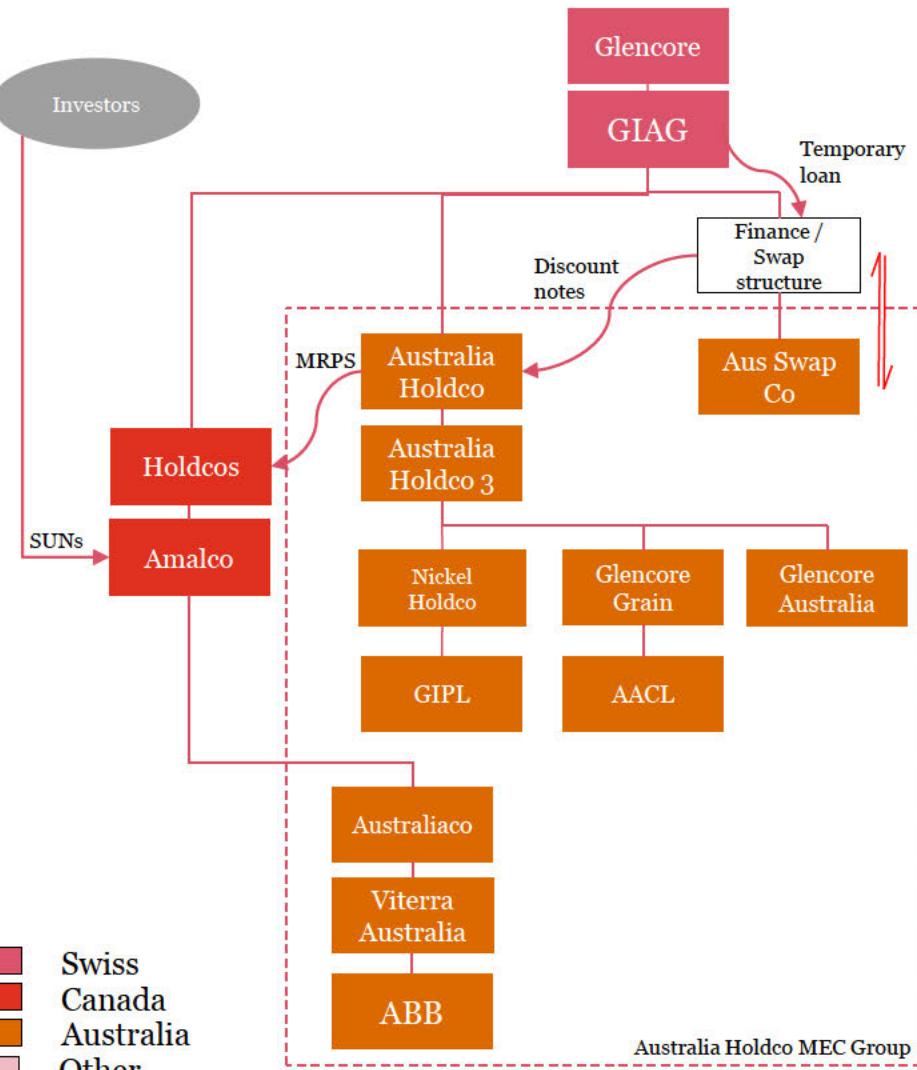
1. Foreign Investment Review Board (FIRB) approval has been obtained.
2. Stamp duty clearance should be obtained in NSW, Victoria and WA (see Section 4 for high level CRE requirements)
3. [Removed]
4. [Removed]
5. [Removed]

Background

- Australia Holdco intends to acquire all of the shares in the Australian water's edge (ET1) companies that are currently in the GIPL MEC group
 - GIPL and Glencore Grain (from Glencore International AG)
 - Glencore Nickel Holdings, Amshell and Badgelot (from Glencore Investment AG)
 - Glencopper NT, NSW Base Metals, Copper NT, Glencopper SA and the other dormant Australian subsidiaries (from Singpac Investment Holding)
 - Glencore Land (from Renaisco BV)
 - Caledan and Glideco (from Glencobar AG)
- The following slides set out the potential steps for the transfer of these entities to the Australia Holdco MEC group.

Integration of Glencore's Australian assets

Integration of GIPL, Glencore Australia and Glencore Grain

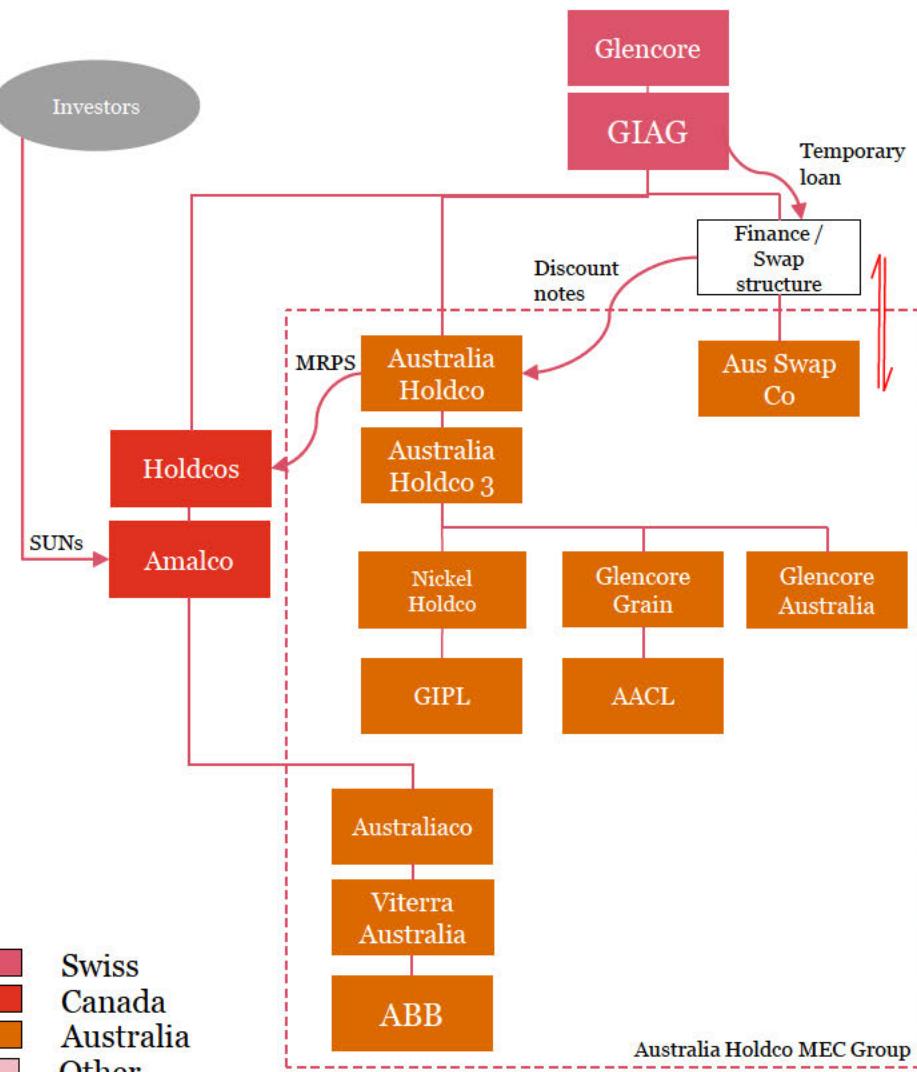


Potential Steps

6. [Removed]
7. GIAG enters into a tripartite agreement with Australia Holdco and Australia Holdco 3 under which:
 - GIAG transfers the shares in GIPL, Glencore Australia and Glencore Grain to Australia Holdco 3;
 - In consideration for the transfer, Australia Holdco 3 issues shares to Australia Holdco; and
 - Australia Holdco issues shares to GIAG.
 The agreement should be conditional on the execution of the transfer agreements for the remaining Glencore entities.
8. Australia Holdco 3 contributes GIPL to Nickel Holdco in exchange for shares.
9. GIAG issues two promissory notes to GGFL by way of a USD denominated temporary loan.
 - The first promissory note (P Note V) should be equal [AUD 400m], being the value of GIPL's 29 February 2012 interest bearing loan from GIAG.
 - The second promissory note (P Note AA) should be equal to [AUD 293.188m], being the value of Glenmurrin's 30 November 2007 interest bearing loan from GIAG.
10.
 - a) GGFL assigns P Note V and P Note AA to Australia Holdco. Australia Holdco issues a series of USD 10m discount notes to GGFL as consideration.
 - b) Aus Swap Co enters into a AUD/USD foreign currency swap with Glencore Finance Bermuda in order to swap the value of the discount notes issued by Australia Holdco into an AUD exposure.
 - c) Glencore Finance Bermuda enters into a back-to-back foreign currency swap with Glencore Capital Ltd.
11. Australia Holdco contributes P Note V and P Note AA to Australia Holdco 3 in exchange for ordinary shares.
12. Australia Holdco 3 contributes P Note V and P Note AA to Nickel Holdco in exchange for ordinary shares.
13. Nickel Holdco contributes P Note V and P Note AA to GIPL in exchange for ordinary shares.
14.
 - a) GIPL uses P Note V to repay its AUD 400m interest bearing loan to GIAG. P Note V is cancelled by operation of law.
 - b) GIPL contributes P Note AA to its wholly owned subsidiary, Glenmurrin, in exchange for ordinary shares.
 - c) Glenmurrin uses P Note AA to repay its 30 November 2007 interest bearing loan from GIAG. P Note AA is cancelled by operation of law.

Integration of Glencore's Australian assets

Integration of GIPL, Glencore Australia and Glencore Grain (cont.)



Potential Steps

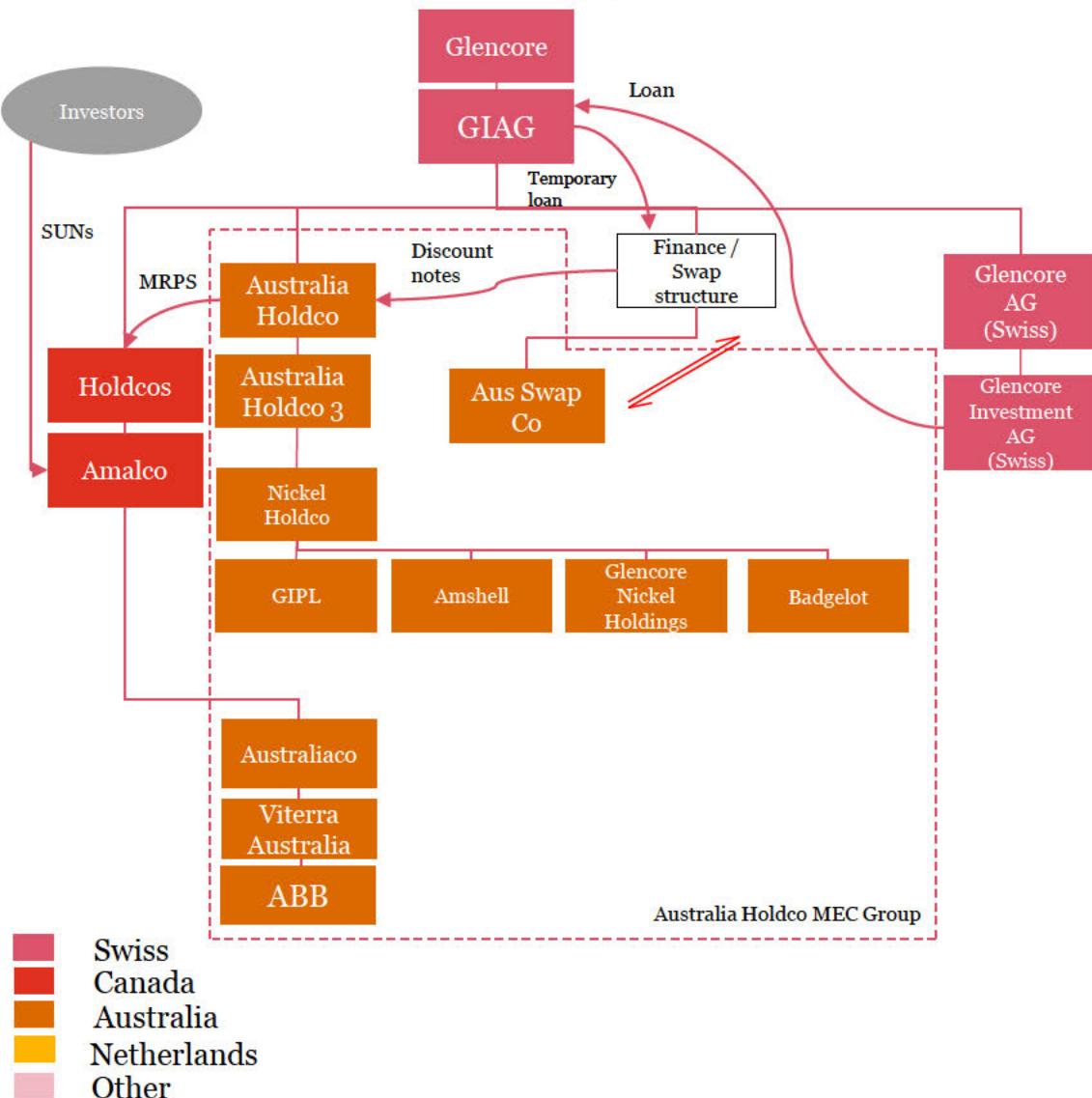
15. [Removed]
16. a) GIAG issues a promissory note (P Note W) to Australia Holdco in exchange for ordinary shares in Australia Holdco. The value of P Note W should be equal to the [c. AUD 1.231bn] interest free loan owed by GIPL to GIAG
- b) Australia Holdco contributes P Note W to Australia Holdco 3 in exchange for ordinary shares in Australia Holdco 3.
- c) Australia Holdco 3 contributes P Note W to Nickel Holdco in exchange for ordinary shares in Nickel Holdco.
- d) Nickel Holdco contributes P Note W to GIPL in exchange for ordinary shares in GIPL.
- e) GIPL transfers P Note W to GIAG in satisfaction of the interest free loan owing to GIAG. P Note W is then cancelled by operation of law.
 - This step will be completed after the transfer of the Glencore entities.

To be confirmed/to consider

- Location and value of assets of GIPL and Glencore Grain.
- Consider the net asset position of the subsidiaries of GIPL.

Integration of Glencore's Australian assets

Glencore Nickel Holdings, Amshell and Badgelot



Potential Steps

17. Glencore Investment AG enters into a multipartite agreement with GIAG, Australia Holdco and Australia Holdco 3 under which:
 - Glencore Investment AG transfers the shares in Glencore Nickel Holdings, Amshell and Badgelot to Australia Holdco 3;
 - In consideration for the transfer, Australia Holdco 3 issues ordinary shares to Australia Holdco;
 - Australia Holdco issues shares to GIAG; and
 - GIAG's indebtedness to Glencore Investment AG is documented in the form of a loan note.

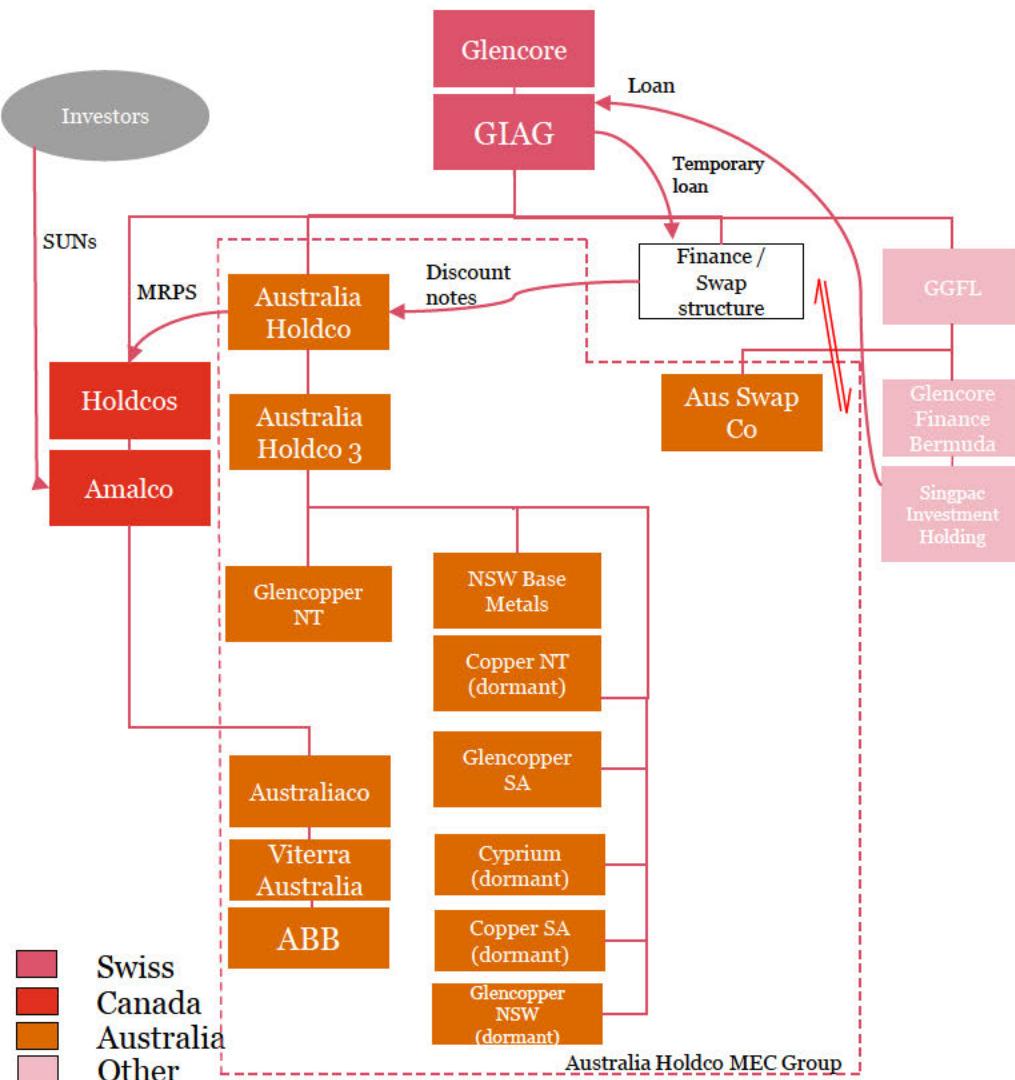
The agreement should be conditional on the execution of the transfer agreements for the remaining Glencore entities.
18. [Removed]
19. Australia Holdco 3 contributes Amshell, Glencore Nickel Holdings and Badgelot to Nickel Holdco in exchange for ordinary shares in Nickel Holdco.

To be confirmed/to consider

- Whether shares in Glencore Nickel Holdings, Amshell and Badgelot are TAP (currently assumed Amshell may be).
- Location and value of assets. Stamp duty CRE relief should be available for assets located in WA (Assumed all).
- Elimination of GIAG's liability to Glencore Investment AG by way of a dividend / return of capital / waiver (via Glencore AG).

Integration of Glencore's Australian assets

Glencopper NT, NSW Base Metals, Copper NT, Glencopper SA



Potential Steps

20. Singpac Investment Holding enters into a multipartite agreement with GIAG, Australia Holdco and Australia Holdco 3 under which:

- Singpac Investment Holding transfers the shares in Glencopper NT, NSW Base Metals, Copper NT, Glencopper SA, Glencopper NSW, Copper SA and Cyprium to Australia Holdco 3;
- In consideration for the transfer, Australia Holdco 3 issues ordinary shares to Australia Holdco;
- Australia Holdco issues ordinary shares to GIAG; and
- GIAG's indebtedness to Singpac Investment Holding is documented in the form of a loan note.

The agreement should be conditional on the execution of the transfer agreements for the remaining Glencore entities.

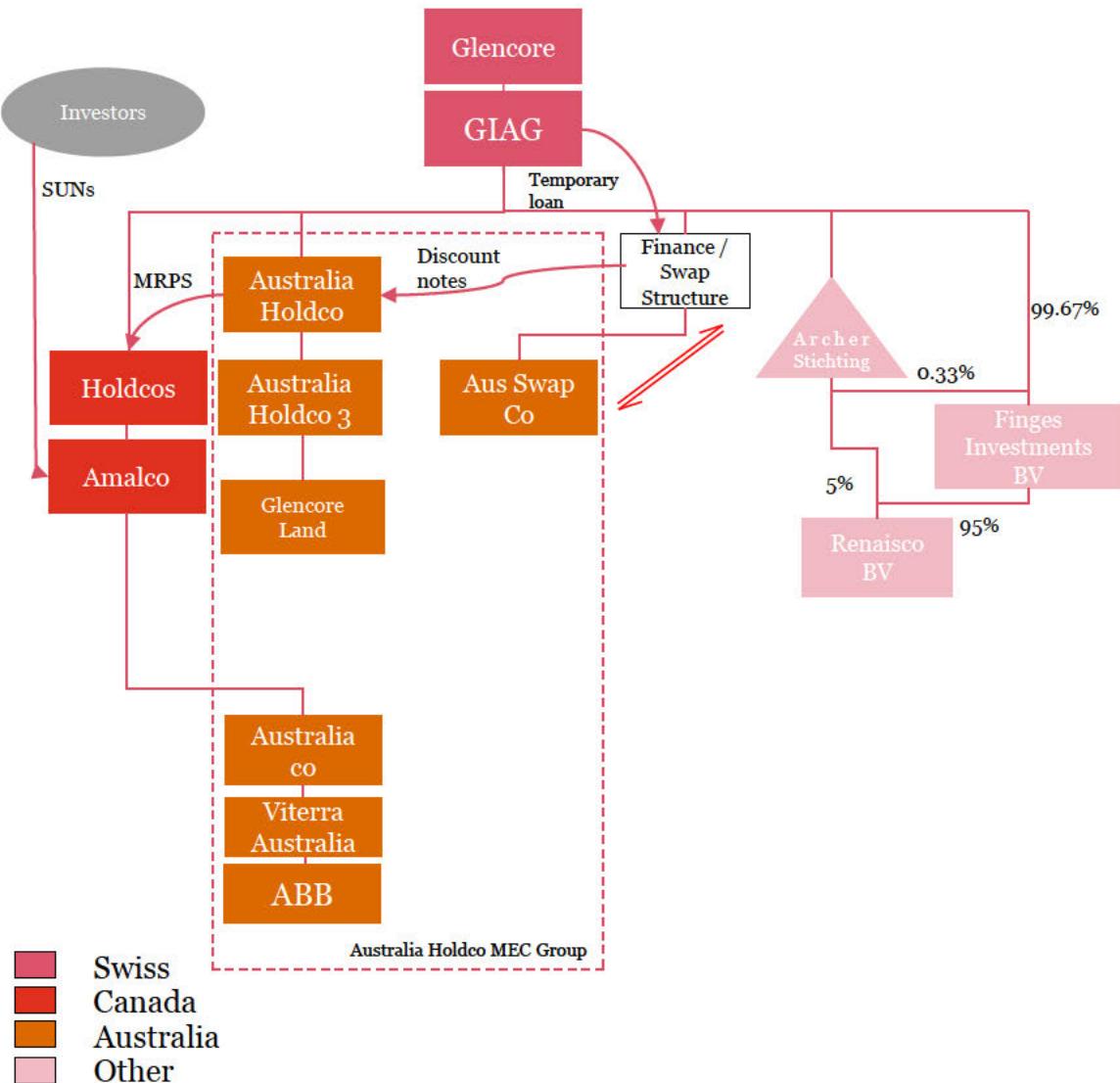
21. [Removed]

To be confirmed/to consider

- Location and value of assets. Stamp duty CRE relief should be available for assets located in NSW (Assumed all).
- Elimination of GIAG's liability to Singpac Investment Holding by way of a dividend / return of capital / waiver (via Glencore Finance Bermuda).

Integration of Glencore's Australian assets

Glencore Land

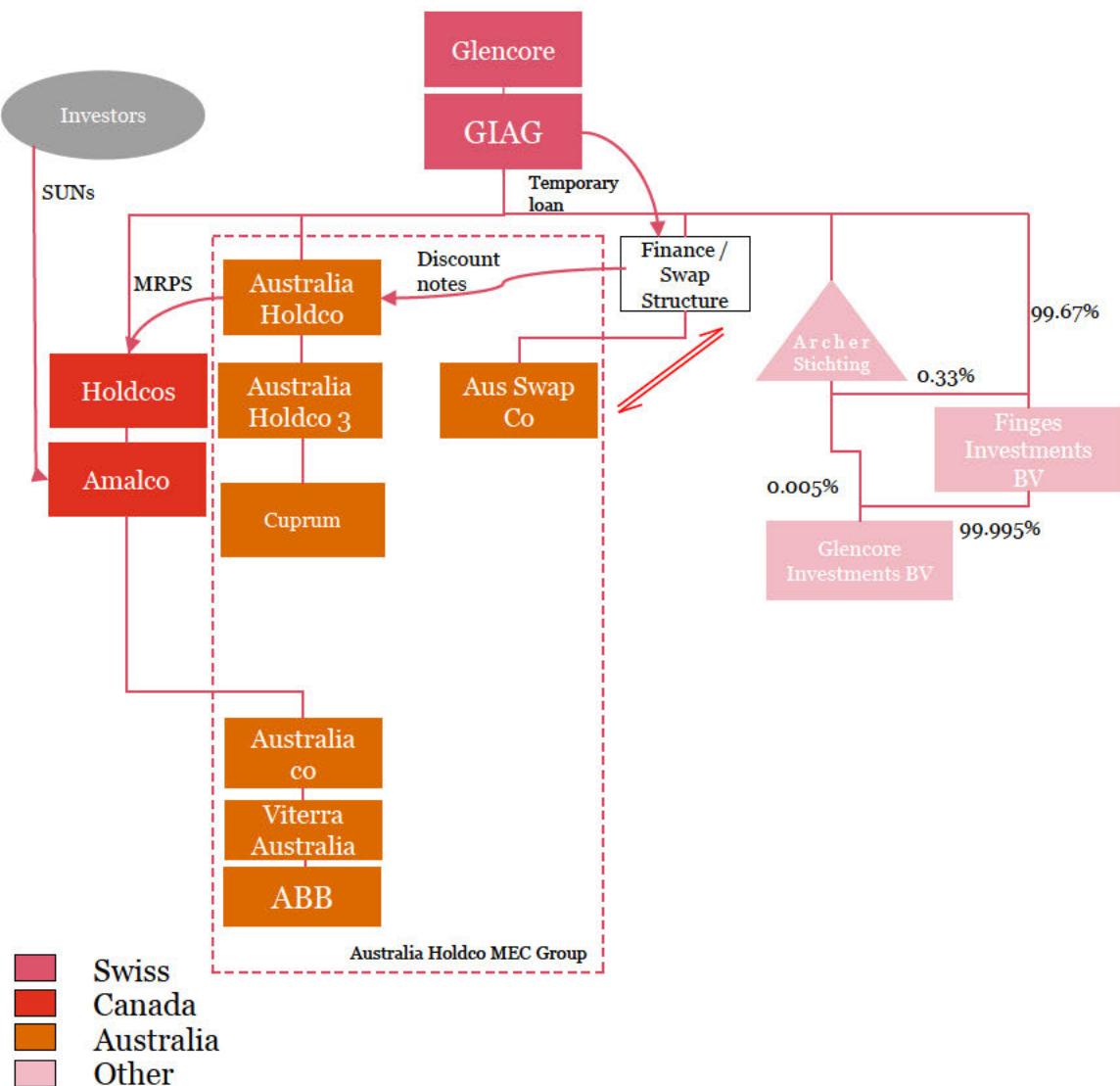


Potential Steps

22. Australia Holdco 3 acquires Glencore Land.
The value of Glencore Land is currently assumed to be nil.
23. [Removed]

Integration of Glencore's Australian assets

Cuprum



Potential Steps

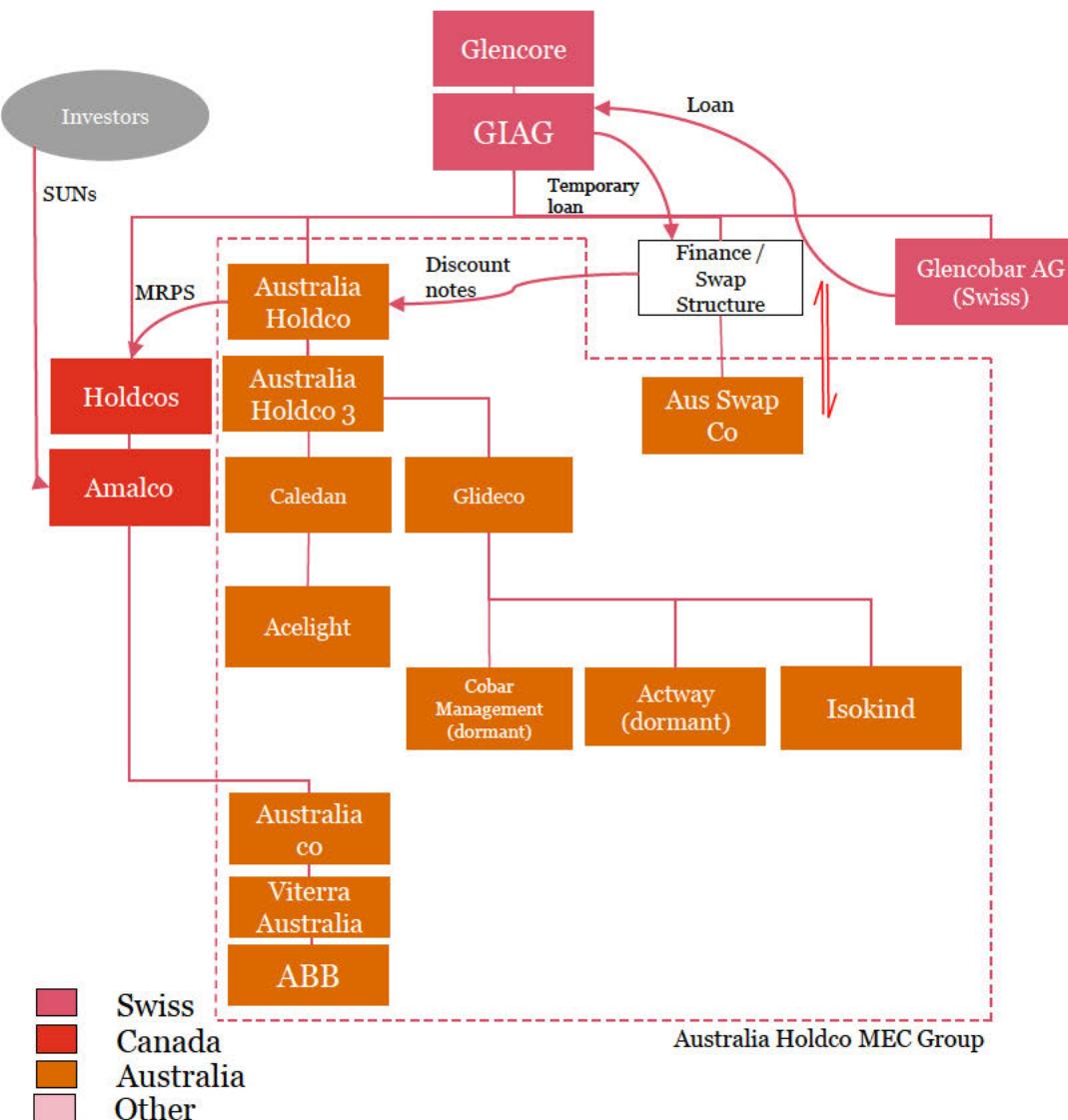
24. Australia Holdco 3 acquires Cuprum (dormant).
The value of Cuprum is currently assumed to be nil.

To be confirmed/to consider

- Nil valuation of Cuprum

Integration of Glencore's Australian assets

Caledan and Glideco



Potential Steps

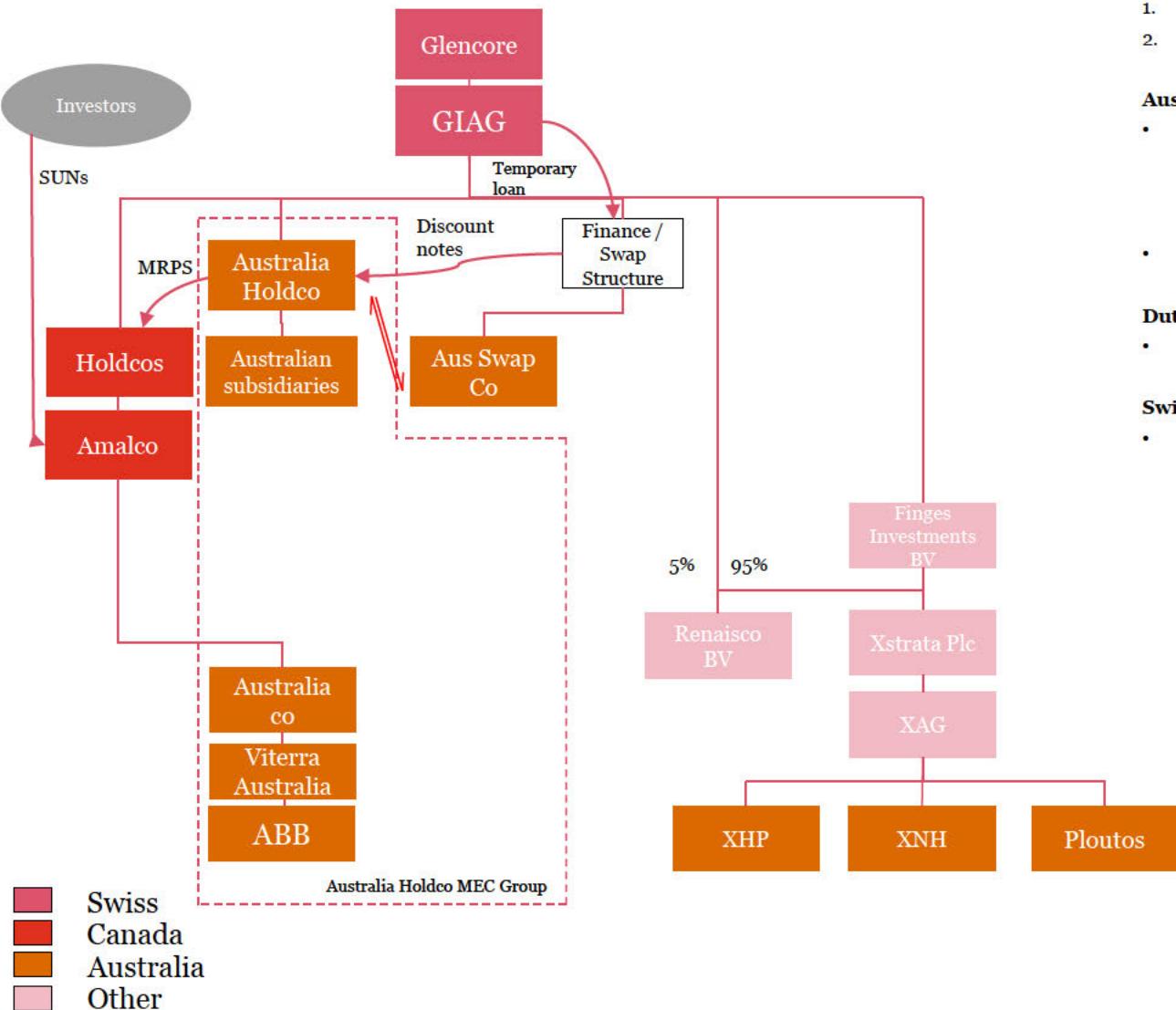
25. Glencobar AG enters into a multipartite agreement with GIAG, Australia Holdco and Australia Holdco 3 under which:
 - Glencobar AG transfers the shares in Caledan and Glideco to Australia Holdco 3;
 - In consideration for the transfer, Australia Holdco 3 issues ordinary shares to Australia Holdco;
 - Australia Holdco issues shares to GIAG; and
 - GIAG's indebtedness to Glencobar AG is documented in the form of a loan note.
 The agreement should be conditional on the execution of the transfer agreements for the remaining Glencore entities.
26. GIAG issues a promissory note (P Note AB) to GGFL by way of a USD denominated temporary loan. P Note AB should be equal to [AUD 43m], being the value of Acelight's loan outstanding to GIAG.
27. GGFL transfers P Note AB to Australia Holdco. Australia Holdco issues a series of USD 10m discount notes to GGFL as consideration.
28. Aus Swap Co enters into a AUD/USD foreign currency swap with Glencore Finance Bermuda in order to hedge its USD exposure arising under the discount notes issued by Australia Holdco into an AUD exposure.
 - n.b. consider whether the exposure hedged by this foreign currency swap could be incorporated into the swap entered into at step 10(b).
29. Glencore Finance Bermuda enters into a back-to-back foreign currency swap with Glencore Capital.
 - n.b. consider whether the exposure hedged by this foreign currency swap could be incorporated into the swap entered into at step 10(b).
30. Australia Holdco contributes P Note AB to Australia Holdco 3. Australia Holdco 3 issues ordinary shares to Australia Holdco as consideration.
31. Australia Holdco 3 contributes P Note AB to Caledan. Caledan issues ordinary shares to Australia Holdco 3 as consideration.
32. Caledan contributes P Note AB to Acelight. Acelight issues ordinary shares to Caledan as consideration.
33. Acelight uses P Note AB to repay its loan from GIAG. P Note AB is cancelled by operation of law.

To be confirmed/to consider

- Location and value of assets. Stamp duty CRE relief should be available for assets are located in NSW (Assumed all).
- Eliminating GIAG's liability to Glencobar AG by way of a dividend / return of capital / waiver.

Unwinding Archer Stichting

Proposed steps



Potential steps

1. GIAG directs Archer Stichting to transfer all of its assets to GIAG.
2. Archer Stichting is wound up.

Australian tax implications

- Where the shares in Finges Investment BV do not constitute taxable Australian property (TAP) Archer Stichting's disposal of its interest in Finges Investment BV should not give rise to adverse Australian tax consequences – further analysis should be undertaken to determine whether the shares in Finges Investment BV are TAP.
- Stamp Duty – KWM to advise on implications

Dutch tax implications

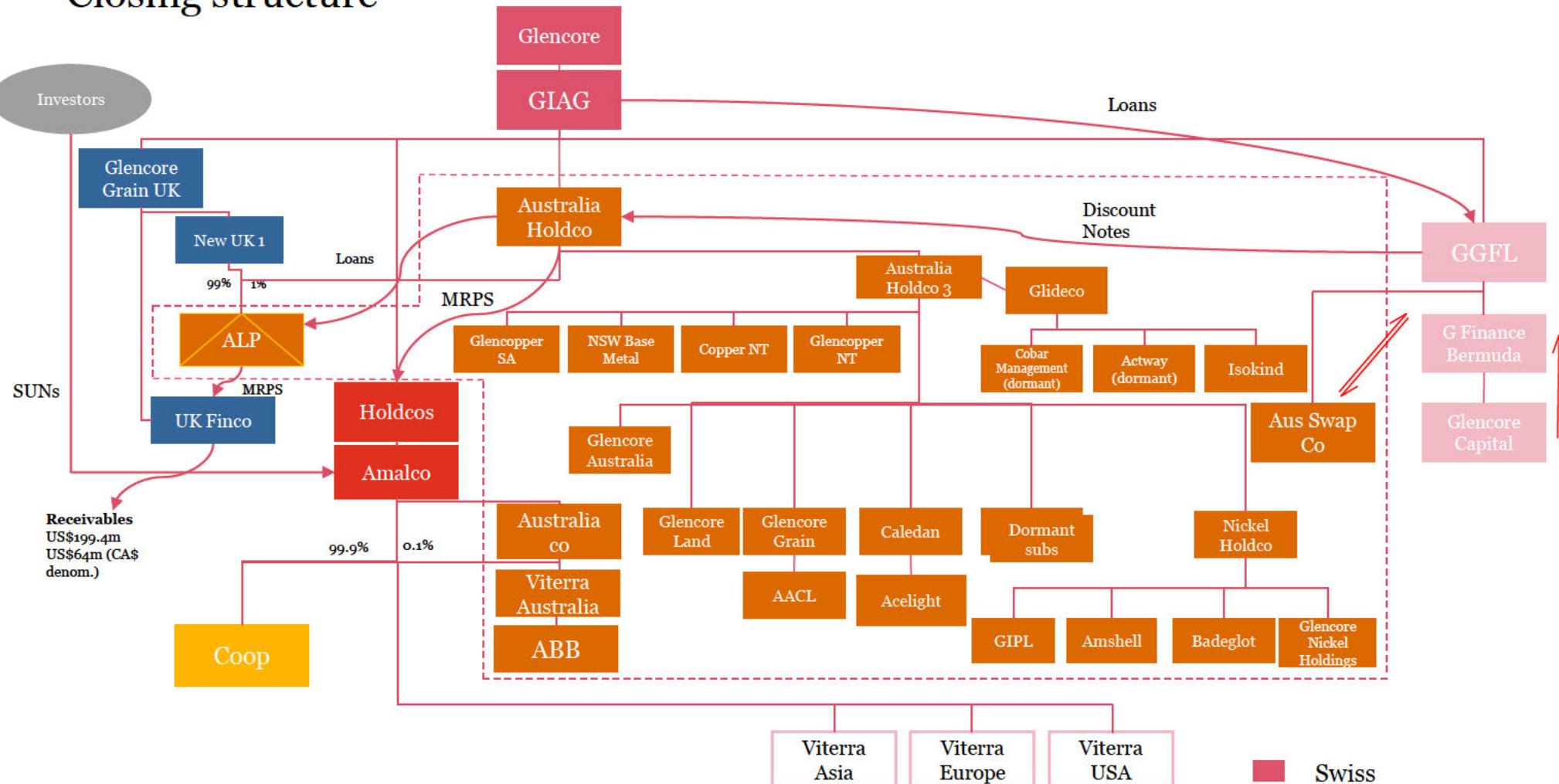
- TBC

Swiss tax implications

- TBC

Integration of Glencore Australian assets

Closing structure



List of New Entities

Section 2

List of new entities

Abbreviated Entity Name	Immediate Shareholder	State of Incorporation
Nickel Holdco	Glencore Australia Finance Holdings Pty Limited (Australia Holdco 3)	Victoria

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